

**TOWN OF FORT COBB**  
June 30, 2013

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**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Fort Cobb  
Fort Cobb, Oklahoma

Fort Cobb Economic Development Authority  
Fort Cobb, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Caddo County Clerk  
Anadarko, Oklahoma

Association of South Central Oklahoma Governments  
Duncan, Oklahoma

Oklahoma Department of Commerce  
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Fort Cobb and Fort Cobb Economic Development Authority, Fort Cobb, Oklahoma as of June 30, 2013 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Cash Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2013. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and the requirements of Oklahoma statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted

disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Economic Development Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2013. Management of the Town of Fort Cobb is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Procedures and Findings**

As to the **Town of Fort Cobb** as of and for the fiscal year ended June 30, 2013:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Condition:** The General Fund had a negative cash balance of \$10,633.25 at year end, although the fund balance was positive.

**Cause:** The Town operates a pooled cash account and used cash from other funds to pay General Fund expenditures.

**Criteria:** The Town is not allowed to spend more cash than each fund has available.

**Recommendation:** The Town should closely monitor each fund in the pooled cash account to ensure they are not overspending and subsequently using another fund's money to cover expenditures. If there are investments that can cover the shortage of funds the board should approve cashing them in and placing the money in the pooled cash account.

**Management's Corrective Action Plan:** The Town has modified its investments for better maturity dates and cashed in enough of the investments to increase cash to a positive balance.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Condition:** Expenditures exceeded total appropriations in two funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2013 by the following:

- ✚ In the General Fund, the personal service budget was overspent by \$6,718, the maintenance & operations budget was overspent by \$9,819, the capital outlay budget was overspent by \$24,660, the debt services budget was overspent by \$5,783 and the transfers budget was overspent by \$2,497. The total budget was overspent by \$49,478.
- ✚ In the Fire Department Cash Fund, the debt service budget was overspent by \$5,796 and the transfers budget was overspent by \$6,400. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the debt service budget was overspent by \$11,875. The total budget was not overspent.
- ✚ In the Police Department Cash Fund, the capital outlay budget was overspent by \$405 and the debt service budget was overspent by \$4,013. The total budget was overspent by \$2,532.

**Cause:** The Town failed to notice these funds and their individual budget categories were overspent and submit a budget supplement to correct the error.

**Criteria:** The Town is not allowed to spend more than its appropriations. Amendments to their appropriations should be approved when the Town knows it will be close or over its current budget amounts. The board may approve transfers between categories in each fund and supplements may be filed with the county for new revenue which will cause expenditures to exceed current appropriations.

**Recommendation:** The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must be approved by the County Excise Board.

**Management's Corrective Action Plan:** The Town is working closely with their consultant and will file amendments in a timely manner to ensure their budget is not overspent going forward.

3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** No exceptions were found as a result of applying the procedure.

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No exceptions were found as a result of applying the procedure.

- 6. Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No exceptions were found as a result of applying the procedure.

- 7. Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** No exceptions were found as a result of applying the procedure.

As to the **Fort Cobb Economic Development Authority**, as of and for the fiscal year ended June 30, 2013:

Fort Cobb Economic Development Authority was inactive during the fiscal year; therefore no testing procedures were performed.

As to the **Town of Fort Cobb and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2013:

- 1. Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

**Findings:** No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

*Angel, Johnston & Blasingame, P.C.*

Angel, Johnston and Blasingame, P.C.  
November 18, 2013

**TOWN OF FORT COBB**  
Fort Cobb, Oklahoma

**SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS**  
For the Fiscal year ended June 30, 2013  
(Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
<b>TOWN:</b>				
General Fund	\$ 49,608	\$ 416,551	\$ 450,697	\$ 15,461
Street and Alley Fund	8,485	5,709	4,212	9,983
Fire Department Cash Fund	31,273	18,468	23,415	26,327
Capital Improvement Cash Fund	17,158	11,863	13,375	15,645
Police Department Cash Fund	4,570	6,249	9,519	1,300
CDBG Grant Fund	*** -	-	-	-
CENA Grant Fund	*** -	-	-	-
Park Fund	*** -	-	-	-
REAP Grants Fund	*** -	-	-	-
Police Drug Enforcement Fu	*** -	-	-	-
<b>Town Total</b>	<u>\$ 111,095</u>	<u>\$ 458,840</u>	<u>\$ 501,217</u>	<u>\$ 68,717</u>
<b>TRUST:</b>				
EDA Fund - Inactive	\$ -	\$ -	\$ -	\$ -
<b>Trust Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Overall Total</b>	<u>111,095</u>	<u>458,840</u>	<u>501,217</u>	<u>68,717</u>

\*\*\*These items were misclassified as separate funds in the prior year. Their balances have been incorporated into the fund each is actually apart of.

**TOWN OF FORT COBB**  
Fort Cobb, Oklahoma

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 51,558	\$ 51,558	\$ 49,608	\$ (1,950)
<b>Charges for Services:</b>				
Permit fees	856	856	1,026	170
Water utility revenues	217,138	217,138	233,973	16,836
<b>Total Charges for Services</b>	<u>217,994</u>	<u>217,994</u>	<u>234,999</u>	<u>17,006</u>
<b>Intergovernmental-Local:</b>				
Franchise tax	16,393	16,393	15,524	(869)
Police fines	8,699	8,699	7,854	(845)
Payment in lieu of taxes	1,446	1,446	1,693	247
<b>Total Intergovernmental-Local</b>	<u>26,538</u>	<u>26,538</u>	<u>25,070</u>	<u>(1,467)</u>
<b>Intergovernmental-State:</b>				
Sales	86,652	86,652	82,143	(4,509)
Use Tax	10,365	10,365	12,248	1,883
Alcohol beverage tax	4,864	4,864	5,591	727
Tobacco Tax	1,472	1,472	1,192	(280)
State Grants	-	-	2,908	2,908
<b>Total Intergovernmental-State</b>	<u>103,354</u>	<u>103,354</u>	<u>104,082</u>	<u>728</u>
<b>Intergovernmental-Federal:</b>				
FEMA	-	-	-	-
<b>Total Intergovernmental-Federal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous Revenue:</b>				
Interest	877	877	452	(425)
Rental	900	900	925	25
Refunds/Reimbursements	-	-	15,027	15,027
Donations	-	-	26,460	26,460
Miscellaneous	-	-	3,055	3,055
<b>Total Miscellaneous Revenue</b>	<u>1,777</u>	<u>1,777</u>	<u>45,919</u>	<u>44,142</u>
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	6,480	6,480
<b>Amounts available for appropriation</b>	<u>401,220</u>	<u>401,220</u>	<u>466,158</u>	<u>64,939</u>
<b>Charges to Appropriations:</b>				
Personal Services	248,803	255,912	262,631	(6,718)
Maintenance & Operations	140,000	134,690	144,509	(9,819)
Capital Outlay	10,000	8,200	32,860	(24,660)
Debt Service	2,417	2,417	8,200	(5,783)
Unallocated	-	-	-	-
<b>Total Other</b>	<u>401,220</u>	<u>401,220</u>	<u>448,200</u>	<u>(46,981)</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	2,497	(2,497)
<b>Total Charges to Appropriations</b>	<u>401,220</u>	<u>401,220</u>	<u>450,697</u>	<u>(49,478)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,461</u>	<u>\$ 15,461</u>

**TOWN OF FORT COBB**  
Fort Cobb, Oklahoma

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**STREET & ALLEY FUND**  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 8,485	\$ 8,485	\$ 8,485	\$ -
<b>Revenues</b>	-	-	5,709	5,709
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	8,485	8,485	14,195	5,709
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	8,485	8,485	4,212	4,274
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Unallocated	-	-	-	-
Total Other	8,485	8,485	4,212	4,274
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	8,485	8,485	4,212	4,274
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 9,983	\$ 9,983

TOWN OF FORT COBB  
Fort Cobb, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
FIRE DEPARTMENT CASH FUND  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 31,273	\$ 31,273	\$ 31,273	\$ -
<b>Revenues</b>	-	-	18,468	18,468
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>31,273</u>	<u>31,273</u>	<u>49,742</u>	<u>18,468</u>
<b>Charges to Appropriations:</b>				
Personal Services	4,000	4,000	1,680	2,320
Maintenance & Operations	21,273	21,273	9,539	11,735
Capital Outlay	6,000	6,000	-	6,000
Debt Service	-	-	5,796	(5,796)
Unallocated	-	-	-	-
Total Other	<u>31,273</u>	<u>31,273</u>	<u>17,015</u>	<u>14,259</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	6,400	(6,400)
<b>Total Charges to Appropriations</b>	<u>31,273</u>	<u>31,273</u>	<u>23,415</u>	<u>7,859</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,327</u>	<u>\$ 26,327</u>

TOWN OF FORT COBB  
Fort Cobb, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
CAPITAL IMPROVEMENT CASH FUND  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 17,158	\$ 17,158	\$ 17,158	\$ -
<b>Revenues</b>	-	-	11,863	11,863
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>17,158</u>	<u>17,158</u>	<u>29,021</u>	<u>11,863</u>
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	17,158	17,158	1,500	15,658
Debt Service	-	-	11,875	(11,875)
Total Other	<u>17,158</u>	<u>17,158</u>	<u>13,375</u>	<u>3,783</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>17,158</u>	<u>17,158</u>	<u>13,375</u>	<u>3,783</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,645</u>	<u>\$ 15,645</u>

TOWN OF FORT COBB  
Fort Cobb, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
<b>TOWN:</b>							
Department of Agriculture Fire Operations	\$ 4,484	\$ -	\$ -	\$ -	\$ 4,484	\$ 4,484	\$ -
Association of South Central Oklahoma REAP-Fort Cobb-112262	45,000	18,383	20,333	(1,950)	1,950	-	-
14693 CENA 12	4,512	4,451	4,451	-	61	61	-
Oklahoma Department of Commerce 13789 CDBG-CIP 09	12,800	12,800	6,400	6,400	-	6,400	-
FEMA PA-1883 (state portion only) CFDA #97.036	896	-	896	(896)	896	-	-
Oklahoma Highway Safety Office 2012 Drive Sober Incentive Award	4,000	-	-	-	3,832	3,832	-
<b>Town Total</b>	<u>\$ 71,693</u>	<u>\$ 35,634</u>	<u>\$ 32,081</u>	<u>\$ 3,554</u>	<u>\$ 11,224</u>	<u>\$ 14,778</u>	<u>\$ -</u>